United Nations A/58/759/Add.2

General Assembly

Distr.: General
12 April 2004

Original: English

Fifty-eighth session
Agenda items 134 and 147

Administrative and budgetary aspects of the financing of the United Nations peacekeeping operations

Financing of the United Nations Mission for the Referendum in Western Sahara

Financial performance report for the period from 1 July 2002 to 30 June 2003 and proposed budget for the period from 1 July 2004 to 30 June 2005 of the United Nations Mission for the Referendum in Western Sahara

Report of the Advisory Committee on Administrative and Budgetary Questions

Appropriation for 2002/03	$41,529,500
Expenditure for 2002/03	$38,409,000
Appropriation for 2003/04	$41,529,500
Proposal submitted by the Secretary-General for 2004/05	$41,990,000
Recommendation of the Advisory Committee for 2004/05	$41,860,000

I. Introduction

1. **The recommendations of the Advisory Committee in paragraphs 28 and 29 below would entail a reduction of $130,000 in the proposed budget for the United Nations Mission for the Referendum in Western Sahara (MINURSO) for the period from 1 July 2004 to 30 June 2005. The Committee also makes a number of observations and recommendations with regard to the administration and management of the Mission and opportunities for further savings.**

04-30794 (E) 270404

2. **The Advisory Committee's general report on the administrative and budgetary aspects of peacekeeping operations (A/58/759) contains its views and recommendations on a number of cross-cutting issues. Consequently, in the paragraphs below, the Committee deals with resources and other items that relate specifically to MINURSO.**

3. The documents used by the Advisory Committee in its consideration of the financing of MINURSO are listed at the end of the present report.

II. Financial performance report for the period from 1 July 2002 to 30 June 2003

4. On the recommendation of the Advisory Committee, the General Assembly, in its resolution 56/298 of 27 June 2002, appropriated to the Special Account for MINURSO an amount of $43,412,900 for the period from 1 July 2002 to 30 June 2003, inclusive of $41,529,500 gross ($38,488,500 net) for the maintenance of the Mission, $1,681,900 for the support account for peacekeeping operations and $201,500 for the United Nations Logistics Base at Brindisi, Italy. Expenditure for the period totalled $38,409,000 gross ($35,772,800 net) (see A/58/642, sect. III.A). The resulting unencumbered balance of $3,120,500 gross ($2,675,700 net) represents, in gross terms, 7.5 per cent of the appropriation.

5. The unutilized balance of $3,120,500 gross ($2,675,700 net) was attributable primarily to lower requirements for mission subsistence allowance for military observers, the placement of international and national staff at lower levels than those of the posts approved, lower requirements for mission subsistence allowance paid to observers from the African Union, the result of the difference between budgeted purchase costs for new vehicles and costs related to the transfer of existing vehicles from the United Nations Mission in Bosnia and Herzegovina (UNMIBH) and the fact that actual aircraft utilization rates were substantially lower than budgeted for. These elements were offset in part by additional requirements under official travel, facilities and infrastructure, communication and information technology, medical and other supplies, services and equipment.

6. The Advisory Committee notes from section III.B of the performance report (A/58/642 and Corr.1) that a total of $2,833,000 is indicated for other income and adjustments for the period, comprising $177,000 in interest income, $170,000 for other/miscellaneous income and $2,522,000 in savings on or cancellation of prior-period obligations, offset by a reduction of $36,000 for prior-period adjustments. Upon request for an explanation of the figure of $2,552,000 for savings on or cancellation of prior-period obligations, the Committee was provided with a breakdown of this amount (see annex II below). **The Committee requests that future performance reports include an explanation of such adjustments.**

7. The comments of the Advisory Committee on the information in the performance report on individual objects of expenditure can be found, where relevant, in the discussion of the proposed budget for the period 1 July 2004 to 30 June 2005 (A/58/657) in the paragraphs below.

III. Information on performance for the current period

8. The Advisory Committee notes the precarious financial situation of the Mission. For example, the Mission has not made payments for troop costs since March 2002 and has borrowed from closed missions to meet its obligations.

9. The Advisory Committee was informed that, as at 29 February 2004, a total of $527,671,332 had been assessed on Member States in respect of MINURSO since its inception. Payments received as at the same date amounted to $474,324,348, leaving an outstanding balance of $53,346,984. As at 29 February 2004, the cash position of the Mission was $1,100,000, total unliquidated obligations for the period from 1 July 2002 to 30 June 2003 amounted to $1,769,000 and current loans were $2 million from the United Nations Transition Assistance Group, $4 million from the United Nations Protection Force and $3 million from the United Nations Observer Mission in Liberia.

10. With regard to contingent-owned equipment for the period 1 July 2000 to 30 June 2004, the Committee was informed that, as at 29 February 2004, an amount of $135,442 had been reimbursed and the estimated amount owed was $435,000, while unliquidated obligations for the period up to 30 June 2004 totalled $299,558. In respect of death and disability compensation, $315,000 had been paid as at 29 February 2004 for 11 claims, 1 claim was pending and unliquidated obligations amounted to $238,000.

11. The Advisory Committee was informed that, as at 29 February 2004, the incumbency for MINURSO for the period from 1 July 2003 to 30 June 2004 was as follows:

	Authorized[a,b]	*Encumbered*	*Vacancy/delayed deployment rate (percentage)*
Military observers	203	193	5
Military contingent personnel	27	27	0
Civilian police[c]	81	0	100
International staff	300	139	54
National staff	113	109	4
Government-provided personnel	10	4	60

[a] Representing the highest authorized strength for the period.

[b] As a result of the suspension of the activities of the Identification Commission, 55 civilian police and 116 international staff posts remain authorized but unbudgeted for the period.

[c] As per paragraph 11 of the Secretary-General's report to the Security Council (S/2004/39), the civilian police component has been kept in the proposed budget for the 2004/05 but not funded.

12. The Advisory Committee was provided with expenditure data for the period from 1 July 2003 to 30 June 2004 as at 29 February 2004 (see annex I below). Expenditure for the period amounted to $26,596,400 gross ($24,961,000 net) against an apportionment of $41,529,500 gross ($38,488,500 net).

IV. Proposed budget for the period from 1 July 2004 to 30 June 2005

A. Mandate and planned results

13. **The Advisory Committee commends the Mission for the progress made in formulating more specific indicators of achievement.**

Special Representative of the Secretary-General and Personal Envoy of the Secretary-General for the United Nations Mission for the Referendum in Western Sahara

14. **The Advisory Committee understands that the Special Representative of the Secretary-General, as the head of the Mission, is responsible for its day-to-day operations and that he supports the work of the Personal Envoy of the Secretary-General, whose responsibility is to assess, in consultation with the parties, the implementation of the settlement plan and to seek ways of moving the peace process forward towards a mutually acceptable political solution to the dispute over Western Sahara. The Committee was informed that since the level of support required by the Personal Envoy is dependent on external factors and has the potential to vary significantly from period to period, budgetary provisions are not made for the support of these activities. However, when expenditures relating to the support of his activities do occur, they are absorbed by the Mission and are reported in the budget performance report.**

15. **The Advisory Committee trusts that there will continue to be close cooperation and coordination between the Personal Envoy and the Special Representative, and that the Special Representative will help facilitate the work of the Personal Envoy to the maximum extent possible in carrying out his duties. In this connection, the Committee recalls its recommendation in its report of 27 November 2002, in which it recommended that logistical support for the special political missions be provided through the Department of Peacekeeping Operations (see A/57/7/Add.17, para. 18). The Committee also recalls paragraph 2.1 (j) of the Secretary-General's bulletin on functions and organization of the Department (ST/SGB/2000/9), in which it is stated that the Department is to provide logistic and administrative support for peacekeeping operations, as well as other field offices and missions, as required.**

16. The Advisory Committee further recalls its recommendation in its report of 4 March 2002 that efforts should be made to ensure that the work and the objectives of the various activities of advisers, envoys and offices dealing with African issues are, to the extent possible, complementary (see A/56/7/Add.8, para. 11). **The Committee enquired as to the possibility of overlap or duplication in the work of the Special Representative and the Personal Envoy. It was informed that, as the mandate of the Personal Envoy was political in nature, no problems of duplication were foreseen.**

B. Resource requirements

1. Military personnel

Category	*Approved 2003/04*[a]	*Proposed 2004/05*
Military observers	203	203
Military contingent personnel	27	27
Civilian police	81[b]	81[c]

[a] Representing highest level of authorized/proposed strength.
[b] As a result of the suspension of the activities of the Identification Commission, budgetary provisions have not been made for 55 of the civilian police posts.
[c] As a result of the suspension of the activities of the Identification Commission, budgetary provisions have not been made for any of the 81 civilian police posts.

17. A reduction of $666,900, or 9.9 per cent, in comparison with the apportionment for the current period is proposed under military and police personnel for 2004/05. The reduction is attributable mainly to the fact that with the suspension of the activities of the Identification Commission, no budgetary provision has been included for civilian police whose purpose was to provide support and protection for the Identification Commission.

18. The Advisory Committee notes from the performance report for 2002/03 (see A/58/642, sect. III.C) that expenditure for contingent-owned equipment for the period ended 30 June 2003 totalled $95,300. Estimated requirements for the 2004/05 period amount to $131,400.

Contingent-owned equipment and self-sustainment for the period 1 July 2000 to 30 June 2004, as at 29 February 2004

(United States dollars)

Year	*Apportionment*	*Estimated amount owed*	*Payments (reimbursed)*	*Unliquidated obligations*	*Claims in accounts payable*[a]
Prior to 2000/01	-	-	-	-	210 368[b]
2000/01	222 900	170 800	100 249	70 551	-
2001/02	80 900	80 900	35 193	45 707	-
2002/03	197 400	95 300	-	88 000	-
2003/04	88 000	88 000	-	95 300	-
Total	**589 200**	**435 000**	**135 442**	**299 558**	**210 368**

[a] Contingent-owned equipment claims certified up to 31 December 2001.
[b] Payments for 2000/01 and 2001/02 were made in November 2001 and May 2002 respectively. Claims in accounts payable relating to periods prior to 2000/01 were not certified until August and September 2002.

The Committee requests that this information be included in future budget documents.

2. Civilian personnel

Category	*Approved 2003/04*	*Proposed 2004/05*
International staff[a]	300[b]	300[c]
National staff[d]	113	113
Government-provided personnel	10	10

[a] Representing the highest level of authorized/proposed strength.
[b] As a result of the suspension of the activities of the Identification Commission, budgetary provisions have not been made for 116 staff posts.
[c] As a result of the suspension of the activities of the Identification Commission, budgetary provisions have not been made for 157 staff posts.
[d] Including national officers and national General Service staff.

19. The Advisory Committee notes from the performance report for the 2002/03 period that a significant underexpenditure has been realized under international staff owing to the placement of staff at lower levels than those of the posts approved. Upon request, the Committee was informed that 12 Professional posts were encumbered by staff at lower levels, in some cases for four or five years, including an Assistant Secretary-General post being occupied by the principal political adviser to the Special Representative of the Secretary-General at the D-1 level. **The Committee was informed that the encumbrance of the Assistant Secretary-General post serves as a temporary measure in view of the current political situation in MINURSO. The Committee reiterates its view that when posts are consistently filled at lower levels and if staff members recruited at lower levels perform to the satisfaction of mission officials, the level of the higher-graded posts should be reviewed and reclassified accordingly (see A/57/772, para. 81). The Committee has commented on this issue in its general report on peacekeeping operations (A/58/759).**

20. For 2004/05, a decrease of $1,590,800, or 7.8 per cent, in comparison with the apportionment for 2003/04 is proposed for civilian personnel and related costs. The decrease, as indicated in section III, paragraph 10, of the proposed budget (A/58/657), is due primarily to the fact that budgetary provisions have not been made for an additional 41 posts as a result of the suspension of the activities of the Identification Commission (in 2003/04 budgetary provisions were not made for 116 Identification Commission posts due to the suspension of its activities) and to the increase from 5 per cent to 10 per cent in the vacancy factor applied to international staff.

21. With regard to the suspension of the activities of the Identification Commission, the Advisory Committee notes from the report of the Secretary-General to the Security Council (S/2004/39) that the Commission has completed its overall auxiliary work plan, including the transfer of all of its identification files and sensitive documents to the United Nations Office at Geneva for safekeeping. In connection with the securing of the files of the Identification Commission, the Committee was informed that the United Nations Office at Geneva, with the assistance of a local company, maintains the files in a specially secured environment on its premises, at no cost to the Mission for storage. The Committee was also informed that a special roster is being kept with regard to the Identification

Commission in order to expedite the recruitment of expertise for MINURSO should the need arise.

22. The Advisory Committee exchanged views with representatives of the Secretary-General on the conversion of the contractual status of staff in peacekeeping missions from the 300 series of the Staff Rules to the 100 series. As regards MINURSO, the Committee was informed that cost implications for the conversion of the contractual status of staff members from the 300 to the 100 series in the period 2004/05 were not included in the budget estimates for the Mission for 2004/05. The comments of the Committee on this issue are contained in its general report on peacekeeping operations.

3. Operational costs

Apportioned 2003/04	*Proposed 2004/05*
$14,520,100	$17,238,300

23. The estimated operational requirements for the period from 1 July 2004 to 30 June 2005 represent an increase of $2,718,200, or 18.7 per cent, as compared with the apportionment for the current period. The main factors contributing to the variance are increased requirements under official travel, air transportation, communications, medical and special equipment.

Official travel and training

24. The estimate for official travel for 2004/05, as shown in section II.1 of the proposed budget (A/58/657), amounts to $526,000, an increase of $178,700 over the amount of $347,300 apportioned for 2003/04. The main reason for the increase, as stated in paragraph 12, section III, of the proposed budget, is the increased requirement for the training of both substantive civilian and support personnel.

25. **The Advisory Committee received supplementary information that breaks down the costs involved in training, the type of training to be undertaken, the location of the training and the number of staff to be trained, as well as output references. However, the Committee reiterates its view that, as the training of personnel is an important component of the proposed budget, all resources requested for training should be transparently reflected in the budget itself.**

26. The Advisory Committee notes from the additional information provided to it that the estimates for training for 2004/05 amount to $300,000, including $240,000 for training-related travel, representing an increase of $196,000 over the amount of $104,000 for 2003/04. The Committee also notes from the additional information provided to it that much of the training in terms of the number of people to be trained (257) is to be undertaken in the Mission area.

27. **Nonetheless, it is the view of the Advisory Committee that as more staff become trained, the requirement for training should decrease, and with it the requirement for training-related travel, particularly in missions that are no longer growing or are in the process of downsizing. Furthermore, the Committee was informed that a training centre has been established at the Mission, and these facilities should be put to the optimal use to reduce the cost of training-related travel.**

28. **Taking into account its comments in the paragraphs above, the Advisory Committee recommends the approval of $200,000 for training for 2004/05, a reduction of $100,000 from the amount requested.**

29. With regard to official travel not related to training, the Advisory Committee notes from the additional information provided to it that an increase of $27,700, or 10.7 per cent, is proposed for 2004/05, in comparison with the apportionment for 2003/04. This is due to an increase in the requirements for mission support and assessment. Upon enquiry, the Committee was informed that, as the authorized responsibility for the management of the Mission's financial resources is delegated to the Chief Administrative Officer, a request is made to the Chief Administrative Officer by the Finance Management and Support Service at Headquarters to redeploy funds from the field to Headquarters or from other accounts administered by Headquarters. Thus, requests must be accompanied by adequate justification as to the purpose of the travel and the impact it is expected to have on the delivery of results-based budgeting outputs. **The Committee is of the opinion that strict monitoring of travel will result in economies; it therefore recommends a reduction of $30,000.**

Ground transportation

30. The Advisory Committee notes that for the 2002/03 financial period, vehicles were transferred from UNMIBH to MINURSO. Upon enquiry as to the condition of those vehicles, the Committee was informed that most of them were in good condition but had been driven over 100,000 miles. **The Committee draws the attention of the Secretariat to the need to analyse whether it is cost-effective to transfer vehicles with high mileage to other missions, taking into account the high cost of freight.**

Air transportation

31. The estimate for air transportation for the period ending 30 June 2005 amounts to $7,253,500, an increase of $1,741,700, or 31.6 per cent, relative to the apportionment for the current period. The variance, as explained in paragraph 15 of the proposed budget (A/58/657), is due mainly to the increase in costs associated with the change in the configuration of the helicopters deployed in the Mission area. Upon enquiry, the Advisory Committee was informed that instead of MI-8 helicopters, which are able to operate in temperatures of up to 40°C, the Mission will use MI-8 MTV helicopters, which are able to operate in temperatures of up to 50°C and therefore are better suited to the heat of the desert.

32. In its discussions with the representatives of the Secretary-General concerning the composition of the Mission's aircraft fleet, the Advisory Committee was informed that in accordance with new safety requirements the Mission planned to replace one of its AN-26 cargo aircraft with an AN-24 passenger aircraft in the near future. Given the similarity between the two aircraft, operating costs are not expected to change as a result of the reconfiguration.

Communications and information technology

33. The estimate for communications for the period ending 30 June 2005 amounts to $2,500,200, an increase of $1,823,600, or 269.5 per cent, over the apportionment for the current period. As indicated in paragraph 16 of the proposed budget, the

increase is due mainly to the need to replace communication equipment that is either obsolete or has exceeded its useful life and requires replacement, and the expansion of the wide area network to enable secure communications between the team sites and sector headquarters. **Inasmuch as this is a downsizing Mission, replacement standards need not be rigidly adhered to; in addition, the Advisory Committee recalls and cautions that equipment should not be replaced merely to keep up with new, state-of-the-art developments in equipment and software.**

Other equipment

34. The Advisory Committee received detailed information on equipment requirements from 1 July 2004 to 30 June 2005. It appears, for example, that office furniture equipment is being written off prior to the completion of its useful life. The Committee requests the Mission to review its acquisition and write-off procedure for office equipment and reflect the results in the performance report.

Voluntary contributions

35. Upon request, the Advisory Committee was provided with information on voluntary contributions for the period from 1 July 2004 to 30 June 2005 (see annex III below).

V. Conclusions of the Advisory Committee

36. The action to be taken by the General Assembly in connection with the financing of MINURSO for the period from 1 July 2002 to 30 June 2003 is indicated in paragraph 21 of the performance report (A/58/642 and Corr.1). **The Advisory Committee recommends that the unencumbered balance of $3,120,500, as well as other income and adjustments in the amount of $2,833,000, be credited to Member States in a manner to be determined by the Assembly.**

37. The action to be taken by the General Assembly in connection with the financing of MINURSO for the period from 1 July 2004 to 30 June 2005 is indicated in paragraph 19 of the proposed budget (A/58/657). **In view of its comments above, the Advisory Committee recommends that the estimated requirements of $41,990,000 be reduced by $130,000, to $41,860,000, should the Security Council decide to continue the mandate of MINURSO beyond 30 April 2004.**

Documentation

- Report of the Secretary-General: performance report on the budget of the United Nations Mission for the Referendum in Western Sahara for the period from 1 July 2002 to 30 June 2003 (A/58/642 and Corr.1)
- Report of the Secretary-General on the proposed budget for the United Nations Mission for the Referendum in Western Sahara for the period from 1 July 2004 to 30 June 2005 (A/58/657)
- Report of the Advisory Committee on Administrative and Budgetary Questions on the financial performance report for the period from 1 July 2001 to 30 June 2002 and proposed budget for the period from 1 July 2003 to 30 June 2004 of the United Nations Mission for the Referendum in Western Sahara (A/57/772/Add.2)
- General Assembly resolutions 56/298 and 57/331 on the financing of the United Nations Mission for the Referendum in Western Sahara
- Reports of the Secretary-General on the situation concerning Western Sahara (S/2004/39 and S/2003/1016)
- Security Council resolutions 1513 (2003) and 1523 (2004)

Annex I

Actual expenditure for the period from 1 July 2003 to 30 June 2004

(Thousands of United States dollars)

Category	*Apportionment*	*Expenditure as at 29 February 2004*
Military and police personnel		
Military observers	5 448.8	3 606.1
Military contingents	673.4	275.7
Civilian police	595.4	226.7
Formed police units	—	—
Subtotal	**6 717.6**	**4 108.5**
Civilian personnel		
International staff	18 524.0	10 409.5
National staff	1 767.8	993.6
United Nations Volunteers	—	—
Subtotal	**20 291.8**	**11 403.1**
Operational costs		
General temporary assistance	—	—
Government-provided personnel	120.0	27.8
Civilian electoral observers	—	—
Consultants	10.0	10.4
Official travel	347.3	203.9
Facilities and infrastructure	2 297.6	1 062.6
Ground transportation	3 803.8	3 033.6
Air transportation	5 511.8	5 211.2
Naval transportation	—	—
Communications	676.6	574.2
Information technology	778.5	450.2
Medical	88.0	54.3
Special equipment	15.0	—
Other supplies, services and equipment	871.5	456.6
Quick-impact projects	—	—
Subtotal	**14 520.1**	**11 084.8**
Gross requirements	**41 529.5**	**26 596.4**
Staff assessment income	3 041.0	1 635.4
Net requirements	**38 488.5**	**24 961.0**
Voluntary contributions in kind (budgeted)	1 776.1	—
Total requirements	**43 305.6**	**26 596.4**

Annex II

Savings on or cancellation of prior-period obligations for the period ended 30 June 2003

(Thousands of United States dollars)

Category	
I. Military and police personnel	
Military observers	174.5
Military contingent personnel	1 706.8
Civilian police	19.8
Subtotal	**1 901.1**
II. Civilian personnel	
International staff	75.1
Subtotal	**75.1**
III. Operational costs	
Official travel	21.1
Facilities and infrastructure	43.4
Ground transportation	117.1
Air transportation	276.4
Communications	29.8
Information technology	3.5
Medical	0.1
Other supplies, services and equipment	54.4
Subtotal	**545.8**
Total	**2 522.0**

Annex III

Detailed voluntary contributions for the period 1 July 2004 to 30 June 2005 by donor and budget line

(Thousands of United States dollars)

Category	*Algeria*	*Morocco*	*Frente Polisario*	*Total*
Military observers				
Rations	162.4	932.2	—	1 094.6
Military contingent personnel				
Rations	4.1	23.3	—	27.4
Facilities and infrastructure				
Rental of premises	—	30.0	—	30.0
Utilities	29.4	57.0	200.0	286.4
Ground transportation				
Rental of vehicles	—	424.0	—	424.0
Petrol, oil and lubricants	8.3	—	—	8.3
Air transportation				
Landing fees and ground-handling charges	2.7	—	—	2.7
Other supplies, services and equipment				
Rations, other	36.5	209.8	—	246.3
Other services	—	25.0	—	25.0
Total	**243.4**	**1 701.3**	**200.0**	**2 144.7**